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## Ohio General Assembly

House of Representatives

Columbus, OH 43215

August 5, 2016

The Honorable Secretary Sylvia Burwell  
Department of Health & Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Madam Secretary,

I am writing you today in full support of the Healthy Ohio Program Section 1115 demonstration request. As one of its chief architects, I am respectfully requesting your thorough review, thoughtful consideration, and, ultimately, approval of the waiver. The program envisioned in this waiver is to provide Ohioans with high quality healthcare while simultaneously enacting cost controlling innovations within the Medicaid system. My colleagues and I have undertaken this work because Medicaid costs have risen steadily and significantly for far too many years and threaten the financial stability of our state. If reforming the system in a substantial manner is postponed indefinitely, the State of Ohio and its residents will face needless hardships, with respect to both the state's finances and the delivery of benefits. Oftentimes it is better to address problems before they become overtly dire problems – this is one of those times.

The following are some of the noteworthy components of Ohio's proposal:

- Premiums – participants will pay no more than \$8.25/month (or \$99/year), or 2% of a person's income, whichever is less (if a person has zero income, they are not required to pay a premium). However, the legislation is crafted so employers, insurance companies, and charities or other non-profits can contribute up 75% of that amount, meaning participants will likely pay roughly \$2/month, or \$25/year. For most participants, \$2/month is all that they will pay. The Healthy Ohio does not require co-pays or any other out-of-pocket costs, only deductions from an HSA-like account ("Buckeye Account"). The state contributes a \$1000 annual match to the Buckeye Account, which, along with the premium, can be used to pay the next year's premium if it has not been spent. Therefore, patients who efficiently utilize healthcare services are incentivized and rewarded. The amount the Buckeye Account can accrue is capped at \$10k.

- The Healthy Ohio Plan is closely based on the proven, successful Healthy Indiana Plan (“HIP”)<sup>1</sup>, which covered the same population the Healthy Ohio plan seeks to cover (70% of whom were less than 100% poverty). Available data from the Healthy Indiana Plan covers the years 2008-2012, highlights of which are below. The full report can be found at <http://www.in.gov/fssa/hip/files/April122013HIPWaiverExtensionApp.pdf>
  - A 2013 Mathematica Policy Research survey found that approximately 96% of HIP members were either somewhat or very satisfied with their overall experience with HIP;
  - The survey also indicated that 76% of members felt their contribution was the right amount and 9% of members felt that their contribution was, in fact, too low;
  - In this survey, 82% of enrollees not required (because income was too low) to contribute to their HSA account indicated that they would be willing to pay \$5 per month for HIP coverage and 75% indicated they would be willing to pay \$10 per month to remain enrolled;
  - Similarly, over 93% of HIP members required to contribute to their HSA account stated they would be willing to pay an additional \$5 per month to retain HIP coverage and 88% were willing to pay an additional \$10 per month for coverage;
  - In 2008, 89% of applicants determined eligible made their first required monthly contribution and became full members; and in 2012, 94% completed this process. Once enrolled, most members (93% in 2012) continue to make their required HSA account contributions on time.
- Additional data from HIP shows access to care improves after enrollment. Members are more likely to receive preventive care and get prescription medications and report fewer unmet health care needs. In addition, the proportion of members reporting the ER as their usual source of care declines dramatically after enrollment in HIP. Mathematica surveyed the use of care in the last six months of new and established HIP members. The table below shows the difference in care utilization between new enrollees and established enrollees. Established enrollees use more primary and preventive services, prescription drugs, are less likely to use the ER and less likely to report the ER as their main source of care.

Care Utilized	New Enrollees	Established Enrollees
Primary Care	60%	90% (50% increase)
Preventive Care	28%	69% (146% increase)
ER as main source of care	30%	9.2% (69% decrease)

The Healthy Ohio Program goes beyond Indiana’s successful program by directly addressing the much-discussed concept of a “benefits cliff” through an innovative concept known as Bridge Accounts. Bridge Accounts work in the following manner:

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<sup>1</sup> Now called Healthy Indiana Plan 1.0. Indiana enacted a completely different program to expand Medicaid which they called Healthy Indiana Plan 2.0. In 2015, the Healthy Indiana Plan 1.0 was discontinued and merged into Healthy Indiana 2.0.

- Triggered when a participant gets a more lucrative job, increases their income, and is no longer Medicaid eligible;
- The money participants have banked in their Buckeye Account while in the Healthy Ohio Plan gets put in a special account to be utilized to purchase health insurance and pay for out-of-pocket health care costs;
- If a participant has received their required preventive care and carried over balances each year, a participant that could potentially have thousands of dollars to cover their healthcare expenses for years while continuing to climb out of poverty;
- This is a first-of-its-kind idea that could potentially provide a roadmap to the rest of the country.

The bottom line is that Indiana's program led to participants utilizing less expensive means of care and achieving healthier outcomes. This is the experience we intend to replicate in Ohio if this waiver is approved.

Lastly, I will say that I do understand peoples' unease about these proposed changes to the current system, because such anxiety is a normal human reaction when any things change in a significant way. However, static, status quo public policy never leads to changes for the better. We must constantly strive for innovative solutions when circumstances demand it. There are other states, notably Montana and Kentucky, which are beginning to consider enacting similar policies to those contained in the Healthy Ohio Program, and I firmly believe they are right in doing so. Healthcare costs continue to escalate in both the public and private sectors, and very few sound plans to curtail and ultimately reverse this problem ever get put forward, or even debated. Serious problems don't get solved through happenstance, they get solved through planning, deliberation, hard work, and action. It is my sincere hope that you approve this waiver, and permit the State of Ohio to get the Healthy Ohio Program up and running as soon as possible. This plan will save Ohio and the federal government money through incentivizing wise and efficient use of healthcare services and achievement of better health outcomes.

Thank you for your consideration of the Healthy Ohio Program Section 1115 demonstration request. If you have any questions regarding Ohio's proposed plan, or if you would like to begin a conversation about how this innovative program can effect real, positive change, I am at your disposal, and would gladly speak with you at your convenience.

Best Regards,

Jim Butler  
State Representative  
41<sup>st</sup> Ohio House District